

Message Text

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ACTION EA-13

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FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 7581

INFO CINCPAC PRIORITY

C O N F I D E N T I A L MANILA 9786

LIMDIS

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: EIND, PFOR, RP

SUBJECT: SUCCESSOR ARRANGEMENTS FOR LAUREL-LANGLEY

1. IN DISCUSSING SUCCESSOR ARRANGEMENTS FOR THE LAUREL-LANGLEY AGREEMENT ON AUGUST 26, PRESIDENT MARCOS SAID HE HAS BEEN VERY MUCH CONCERNED ABOUT THE PROBLEM OF RATIFICATION BY THE U.S. SENATE OF ANY NEW TREATY. I TOLD HIM THAT HIS CONCERN WAS JUSTIFIED. THERE IS A REACTION IN OUR CONGRESS AGAINST BOTH THE MARTIAL LAW REGIME IN THE PHILIPPINES AND THE FIGHTING IN THE SOUTH, WHICH IS VARIOUSLY DESCRIBED AS A "NEW VIET-NAM", OR "GENOCIDE." I SAID THAT THERE WAS, MOREOVER, A PROBLEM OF RATIFICATION BECAUSE THE VARIOUS MARCOS CONSTITUTIONAL CHANGES HAD NOT BE INSTITUTIONALIZED AND THE WHOLE QUESTION OF SUCCESSION WAS UNCLEAR.

2. MARCOS TOOK THIS CATALOGUE OF PROBLEMS IN GOOD GRACE, AND ASKED WHETHER WE COULD EVADE THE RATIFICATION PROCESS BY CONCLUDING AN EXECUTIVE AGREEMENT. I SAID THAT EXECUTIVE AGREEMENTS WERE GETTING RATHER DICEY THESE DAYS. MOREOVER, SOME MATTERS FLOWING OUT OF LAUREL-LANGLEY, SUCH AS THE
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SUGAR QUOTA, WOULD REQUIRE LEGISLATION ANY WAY.

3. I THEN AGREED TO EXPLORE AN AVENUE OF APPROACH WHICH WOULD INVOLVE (A) AN ANODYNE AMITY AND ECONOMIC RELATIONS TREATY (WHICH WOULD REQUIRE SENATE RATIFICATION), (B) AN EXCHANGE OF NOTES ON TRANSITIONAL ARRANGEMENTS, WHICH WOULD NOT RPT NOT REQUIRE RATIFICATION, AND (C) SEPARATE LEGISLATIVE ARRANGMENTS (SUGAR, ETC.) WHICH WOULD BE UNILATERAL U.S. CONGRESSIONAL ACTIONS. I SAID I HAD NO CURRENT IDEA WHETHER THIS WOULD FLY IN WASHINGTON, BUT AGREED TO TRY IT OUT.

4. MARCOS THEN SAID HE HAD ORDERED AN EXAMINATION OF THE REAL PROPERTY PROBLEM WHICH AFFECTED AMERICAN FIRMS. HE SAW NO REASON WHY RESIDENTIAL LAND COULD NOT BE HELD IN FEE SIMPLE AND INHERITED BY FOREIGNERS. HE ALSO THOUGHT THAT CONTRACTS AND CONESSIONS ACQUIRED DURING THE PARITY PERIOD COULD BE SANCTIFIED. HE WAS NOT PREPARED TO PRONOUNCE ON COMMERCIAL AND AGRICULTURAL HOLDINGS. I SAID U.S. BUSINESS CONFIDENCE HAD BEEN SHAKEN BY THE QUASHA CASE AND THE MAIN ISSUE WAS TO AVOID A "FIRE-SALE" MENTALITY WHEN PARITY LAPSES. HE AGREED AND MADE PLATONIC NOISES ABOUT JUSTICE AND EQUITY.

5. COMMENT: IT IS CLEAR THAT MARCOS WANTS TO MOVE SOON ON LAUREL-LANGLEY. I HAVE ASKED MY ECONOMIC STAFF TO DRAFT AN OUTLINE OF THE TRANSITIONAL PROPOSALS WHICH APPEAR TO BE NECESSARY TO SUPPLEMENT ANY AMITY AND ECONOMIC RELATIONS TREATY. WHEN I HAVE THIS IN HAND, I WILL SEEK EARLY GUIDANCE FROM THE DEPARTMENT CONCERNING NEGOTIATING SUBSTANCE AND PROCEDURES. I WILL WRITE BILL ARMSTRONG, GEORGE ALDRICH, AND DICK USHER WITH SOME INFORMAL OBSERVATIONS.
SULLIVAN

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